
California Department of Water Resources



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DWR RELEASES UPDATED PROPOSED REVENUE REQUIREMENT

Public Workshop is Scheduled on June 19 in Sacramento

Sacramento - The California Department of Water Resources today released a proposed revenue requirement which updates and restates its previously filed revenue requirement covering the Department's power costs in calendar years 2001 and 2002, as well as adding projected power costs for calendar year 2003. The new revenue requirement is not expected to affect current electricity rates for consumers.

The update of the revenue requirement is part of the Department's annual obligation to submit its expected power costs to the California Public Utilities Commission (CPUC).

Compared to the Department's previous filing on Nov. 5, 2001, the power costs from Jan. 17, 2001 through Dec. 31, 2002, increased slightly from \$9.045 billion to \$9.112 billion, or 0.7 percent. The \$9.112 billion includes actual costs incurred through April 2002 and projected costs for the remainder of 2002.

For calendar year 2003, the Department expects to spend \$4.7 billion in power costs and \$840 million in bond costs for financing past power purchases for a total of \$5.54 billion. The Department's 2003 expenditures are based on a number of projections regarding power supplies, natural gas prices, off-system power sales, the cost of ancillary services (capacity reserves), demand side management and conservation, and administrative and general expenses. A key assumption for 2003 is that the Department will no longer be responsible for purchasing the residual net short energy requirements of the state's Investor Owned Utilities. The residual net short energy requirement is the difference between the IOU customer demand and the energy provided by the IOU's retained generation assets and the energy supplied through the Department's long-term power contracts. The 2003 total costs projection is based solely on the Department's long-term power contracts and their administration.

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The Department's California Energy Resources Scheduling division has been purchasing power on behalf of Pacific Gas & Electric, Southern California Edison and San Diego Gas & Electric since January 17, 2001.

The Department will be accepting public input now through July 3, 2002, and will conduct a public workshop on the revenue requirement at 10 a.m. Wednesday, June 19, 2003 at the California Employment Development Department Auditorium, 722 Capitol Mall, in Sacramento. The Department will formally file the revenue requirement with the CPUC after it as received and reviewed comments on the proposed revenue requirement.

For a copy of the updated revenue requirement and to offer input, visit the Department's web site at www.water.ca.gov.